

An association was organized and is being operated for the purpose of promoting uniform business, advertising and fair trade practices in connection with the manufacture and sale of a certain patented product. Membership in the association is limited to any person, firm, or corporation licensed to manufacture and sell the specified product. The association owns the controlling interest in the corporation which holds the basic patents on the particular product, grants licenses under the patents and sells to the members of the association the materials and equipment necessary in the manufacture of the product. In addition, the association acquired the rights, title and interest in certain supplementary patents on the product and provided for the payment for such patents by paying a stated amount for each unit sold by its licensees. Held, since the association is engaged in activities which are ordinarily carried on for profit and since it is engaged in furthering the business interests of the dealers in the particular patented product, rather than the improvement of business conditions of one or more lines of business, it does not qualify for exemption from Federal income tax as a business league under section 501(c)(6) of the Internal Revenue Code of 1954.